

Date Mailed March 16, 1998

BEFORE THE

PUBLIC SERVICE COMMISSION OF WISCONSIN

Investigation on the Commission's Own Motion Into the
Development of an Independent System Operator for the
Electric Transmission System of Wisconsin

05-BE-100

NOTICE OF HEARING

Hearing Date:	March 30, 1998, 10:00 a.m.
Hearing Location:	Public Service Commission, 610 North Whitney Way, Madison, Wisconsin

On September 30, 1996, the Public Service Commission of Wisconsin (Commission) issued an order in this docket adopting general standards for an Independent System Operator (ISO) for the electric transmission system in Wisconsin. Those standards define the elements necessary to ensure that operation of the transmission system by an ISO would separate the control and operation of transmission from ownership of generation. To promote a competitive wholesale market and to maintain a high level of reliability, an ISO may be necessary to operate a statewide or regional transmission system. This stage of the proceeding is to investigate whether an ISO is appropriate and possible ISO models or concepts for Wisconsin.

As the electric industry moves toward a more market-oriented system, fair and non-discriminatory access to the transmission system is a prerequisite for robust competition in the power market. Recent experience has shown that operation of the transmission system has become more complex as the power market has become more regional. Operation of the transmission system by an ISO, instead of the present multiple transmission owners, may be appropriate to ensure that the electric system provides non-discriminatory, reliable service to customers.

Fair and non-discriminating transmission access is a key step in the Commission's restructuring plan for the electric industry. Without an effective transmission ISO or a suitable alternative in operation, movement toward retail competition must be delayed. Also, the development of an ISO may be necessary for adequate electric system reliability, based on the experience of summer 1997. During this time, the major electric utilities in Wisconsin, Illinois and Minnesota had to regularly communicate

and coordinate efforts to avert serious regional problems. While operation of the transmission system by individual transmission owners may have been appropriate in the past, an ISO that operates the system on a regional basis may be appropriate to handle future power transactions reliably.

No ISO currently operates the electric transmission system in Wisconsin, but ISO proposals are being developed. Several ISO proposals were considered in the proposed merger between Northern States Power Company and Wisconsin Energy Corporation, but the merger was withdrawn after the Federal Energy Regulatory Commission (FERC) issued its decision, so an ISO did not result. The need for an ISO was an issue in the merger proposed by Wisconsin Power and Light Company, Interstate Power Company, and IES Industries, Inc. The Commission approved that merger with one of the conditions being that the companies file an ISO with the FERC or that they indicate they would join a regional ISO.

The Commission held a prehearing conference on December 18, 1997. At that time, thirteen issues and four ISO proposals to be addressed in the hearing were identified. The four proposals for an ISO include the Customer ISO proposal, the Mid-Continent Area Power Pool (MAPP) ISO proposal, the Midwest ISO proposal, and the Interstate Energy Corporation (IEC) ISO proposal. Two meetings of an informal collaborative group of the parties to this case were held, one on February 3, 1998, and one on February 12, 1998. On February 3, 1998, the Commission heard and denied the exception of Northern States Power Company to the hearing examiner's ruling to deny the motion to bifurcate the hearing. The second prehearing conference was held on February 18, 1998, where the issues and the hearing schedule were set.

Copies of the ISO proposals are available for review at the Public Service Commission, 610 North Whitney Way, Madison, Wisconsin 53705.

NOTICE IS GIVEN that the Commission will hold a hearing beginning on March 30, 1998, at 10:00 a.m. in the Amnicon Falls Hearing Room at the Public Service Commission Building, 610 North Whitney Way, Madison, Wisconsin 53705. This building is accessible to people in wheelchairs through the Whitney Way main floor entrance (Lobby). Parking for people with disabilities is available on the south side of the building. Any person with a disability who needs additional accommodations should contact Richard Teslaw at (608) 267-9766. Further hearing will continue at a time and place designated by the presiding hearing examiner.

This is a Type III action under s. PSC 4.10 (3), Wis. Adm. Code. No unusual circumstances suggesting the likelihood of significant environmental consequences have come to the Commission's attention. Neither an environmental impact statement under s. 1.11, Stats., nor an environmental assessment is required. The environmental effects of increased transmission access, however, may be implicated by an ISO's establishment in Wisconsin. These increased transmission environmental effects are addressed in the Commission's Environmental Impact Statement in docket 05-EI-114, The Future of Wisconsin's Electric Power Industry (October 1995). Comments on the environmental aspects of

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this docket, should be directed to William Fannucchi, in writing to Public Service Commission of Wisconsin, P.O. Box 7854, Madison, Wisconsin 53707-7854, or by calling him at (608) 266-3594.

NOTICE IS FURTHER GIVEN that this matter is considered to be a Class 1 proceeding as defined in s. 227.01(3)(a), Stats.

If there are any questions regarding the hearing scheduled in this notice, please contact Hearing Examiner Donna Paske, Public Service Commission of Wisconsin, Examining Division, P.O. Box 7854, Madison, Wisconsin 53707-7854, or call (608) 266-7173. Other questions about this matter may be directed to David Barger, Case Coordinator, (608) 266-5576.

Dated at Madison, Wisconsin, _____

For the Commission.

Susan E. Stratton
Administrator
Electric Division

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